

Aug. 17, 2012

California Energy Commission
Dockets Office, MS-4
Re: Docket No. 12-EPIC-01
1516 Ninth Street
Sacramento, CA 95814-5512
docket@energy.state.ca.us



Re: Comments of the California Energy Efficiency Industry Council on First Triennial Investment Plan for the Electric Program Investment Charge Program (Docket No. 12-EPIC-01)

To Whom It May Concern:

The California Energy Efficiency Industry Council (Efficiency Council) respectfully submits these written comments following our oral input during the staff workshops on the First Triennial Investment Plan for the Electric Program Investment Charge Program (EPIC).

The Efficiency Council is a statewide trade association of non-utility companies that provide energy efficiency services and products in California.¹ Our member businesses, now numbering over 70, employ thousands of Californians throughout the state. They include energy service companies, engineering and architecture firms, contractors, implementation and evaluation experts, financing entities, workforce training entities, and manufacturers of energy efficiency products and equipment. The Efficiency Council's mission is to support appropriate energy efficiency policies, programs, and technologies that create sustainable jobs and foster long-term economic growth, stable and reasonably priced energy infrastructures, and environmental improvement.

The Efficiency Council is pleased to support the Energy Commission's efforts to develop the First Triennial Investment Plan for the EPIC. We urge the Energy Commission to develop an investment plan that supports innovation in energy efficiency in order to help maximize the opportunities for continued energy savings in the state. While energy efficiency helps meet the state's energy goals, it also reduces greenhouse gases, creates sustainable jobs, fosters long-term economic growth, and creates savings for utility customers.

¹ More information about the Efficiency Council, including information about the organization's current membership, Board of Directors, and antitrust guidelines and code of ethics for its members, can be found at www.energycouncil.org.

The Efficiency Council has supported and provided comments throughout the Public Utilities Commission proceeding (R.11-10-003) establishing the EPIC program.^{2,3,4,5,6,7} In addition to our comments filed in that proceeding and our telephone-based input during the Energy Commission staff workshop Aug. 9-10, 2012 in Southern California, we offer the following input based on some of the questions posed by staff in the workshop agenda; we may offer further comments on agenda questions #2 and #4 or on other EPIC-related topics at a later time.

Question 1: What are the major barriers to developing and commercializing clean energy technologies?

Coordination of technology needs and technology solutions: Currently, a variety of technologies are in development that could be incredibly helpful to energy efficiency but technologists may not necessarily have a good enough understanding of the market and may not see energy efficiency as a particular business opportunity. They also may not be aware of energy efficiency resources that could help them introduce or accelerate their products into the appropriate markets. In addition, even if they are aware of the opportunity, they are experts on their technologies and frequently lack market intelligence needed to inform critical business decisions, especially in fragmented or nascent markets. Finally, many technologies address a small part of the energy efficiency puzzle or play a discrete role in making an energy end-use more efficient but full implementation or rapid commercialization of a product requires integration with other elements and solutions. The result of these challenges is that RD&D is sometimes driven by the existence of a few emerging technologies rather than the market needs.

One possible solution is to provide overarching market information support that drives and stimulates RD&D investment in the needed technology solutions. Some of the following topics were discussed in the workshops but we recommend continued information gathering as part of the design and ongoing outreach for the program. First, we suggest public information that identifies gaps or needs within the energy efficiency market, starting at the system level, then drilling down into needs for specific technologies or approaches. Second, we suggest public information that describes the various energy efficiency policy drivers in California, including codes and standards, that enhance the markets for new technologies and solutions, which will help technologists understand the markets for their products. Third, we recommend having market opportunity information

² California Energy Efficiency Industry Council. “Reply comments in response to the Phase 2 Proposed Decision Establishing Purposes and Governance for the Electric Program Investment Charge and Establishing Funding Collections for 2013-2012.” May 21, 2012. <http://www.cpuc.ca.gov/EFILE/CM/167135.pdf>

³ California Energy Efficiency Industry Council. “Comments in response to the Phase 2 Proposed Decision Establishing Purposes and Governance for the Electric Program Investment Charge and Establishing Funding Collections for 2013-2012.” May 14, 2012. <http://www.cpuc.ca.gov/EFILE/CM/166496.pdf>

⁴ California Energy Efficiency Industry Council. “Comments in response to the Phase 2 Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judge Regarding EPIC RD&D Program.” March 7, 2012. <http://www.cpuc.ca.gov/EFILE/CM/161627.pdf>

⁵ California Energy Efficiency Industry Council. “Comments in response to Phase 1 decision establishing interim RD&D and renewables program funding levels.” December 5, 2011. <http://www.cpuc.ca.gov/EFILE/CM/154969.pdf>

⁶ California Energy Efficiency Industry Council. “Reply comments in response to the Order Instituting Rulemaking Regarding Impact on Public Benefits Associated with the Expiration of Public Goods Charge.” October 25, 2011. <http://www.cpuc.ca.gov/EFILE/CM/146238.pdf>

⁷ California Energy Efficiency Industry Council. “Comments in response to the Order Instituting Rulemaking Regarding Impact on Public Benefits Associated with the Expiration of Public Goods Charge.” October 20, 2011. <http://www.cpuc.ca.gov/EFILE/CM/146140.pdf>

available to help companies with innovative technologies identify the best market segments for targeting RD&D or later-stage commercialization efforts. This information helps companies attract investment and allows them to better target their limited resources, thereby increasing their chances of success. For companies whose RD&D efforts are receiving support from EPIC or other ratepayer-funded programs, greater success means greater overall ratepayer benefits. Finally, the Efficiency Council recommends that the EPIC program include an effort to increase access to all of the above information through information sharing like central databases with white papers and market intelligence reports, and periodic workshops or conferences.

Another challenge for commercializing clean energy technologies, including energy efficiency, is the need for new business processes or paradigms that are better suited to new technologies and that integrate the offerings. For example, in energy efficiency in buildings, many technologies could be cost-effectively deployed if new processes were developed that optimized technology delivery, permitting, complementary rebates, ongoing training for the multiple parties involved, etc. New processes are needed that bring together all of the elements into integrated delivery systems. As a result, the Efficiency Council recommends that the EPIC program include funding of initiatives that develop new business processes, implementation methods, and/or paradigms that support the full implementation of new technologies. Such projects would help remove barriers in several topic areas and are specifically referenced in the CPUC EPIC Decision to include non-technology elements “such as strategies and methods to enhance adoption of clean energy technologies” in the definition of Applied Research and Development (p. 36).⁸

Question 3: What specific initiatives are recommended to advance innovative energy technologies that benefit ratepayers?

In addition to the initiatives suggested in presentation during the staff workshop, the Efficiency Council recommends two specific initiatives: new processes, methods, and paradigms (described above in Question 1) and advancement of energy efficiency codes and standards. Both of these initiative areas are specifically identified in the CPUC Decision as eligible activities under Applied Research and Development (Findings of Fact 14 and 16, p. 91). These initiatives apply across the topics presented during the staff workshop but are especially important in building end-use energy efficiency, zero-net energy (ZNE) buildings, and industrial/agricultural efficiency.

With regards to ZNE building initiatives, the Efficiency Council also would like to support the statement from the SDG&E representative at the Southern California staff workshop indicating that ZNE measures are not only important for ZNE buildings but can be useful as stand-alone energy efficiency measures when assessments show that a building will not meet ZNE goals.

In addition, as described in Question 1, we recommend overarching program design that drives smart investment by informing technology communities about pressing energy efficiency market needs. This broadens potential participation and focuses attention on the needs rather than particular solutions.

⁸ CPUC. “Phase 2 Decision Establishing Purposes and Governance for Electric Program Investment Charge and Establishing Funding Collections for 2013-2020.” D.12-05-037. May 24, 2012. http://docs.cpuc.ca.gov/word_pdf/FINAL_DECISION/167664.pdf

Question 5: Prioritize initiatives and identify the benefits that should be anticipated and measured such as energy and cost savings, grid reliability, job creation, economic benefits, environmental benefits, likelihood of return on investment, other.

To this list of benefits that should be anticipated and measured, the Efficiency Council would like to add consideration of benefits across market segments. For example, we would like to ensure there are funding opportunities in all building sectors for new energy efficiency technologies and methods.

We would also like to encourage the Energy Commission to prioritize extension of contracts for later phases of existing multi-phase RD&D efforts that are so far successful (across any of the initiatives). This is consistent with guidance from the CPUC in the Decision and is noted as an example of an exception to the requirement for competitive bidding (p. 37).

The Efficiency Council also encourages the Energy Commission to work with the CPUC and stakeholders in developing processes for measuring benefits to ratepayers, especially projects and technologies with longer lifetimes. The CPUC and stakeholders are currently working under the main efficiency proceeding (R.09-11-014) to develop better measurement and verification processes, so we recommend collaboration to develop effective processes for EPIC projects.

Conclusion

The EPIC program offers significant opportunity to move innovative energy efficiency technologies forward in the marketplace. The Efficiency Council is pleased to offer comments on the program plan and encourages the Energy Commission to continue its support of energy efficiency innovations that increase energy savings. We look forward to continuing to work with the Energy Commission and other stakeholders in the process going forward.

Respectfully submitted,



Audrey Chang
Executive Director, California Energy Efficiency Industry Council
436 14th Street, Suite 1020
Oakland, CA 94612
(916) 390-6413
achang@efficiencycouncil.org